ABSTRACT

The study examined the effectiveness of external audit function in fraud control in Energy, water and sanitation Authority (EWSA), Rwanda; whose specific objectives included evaluation of the effectiveness of external audit function in fraud control, examining the factors affecting performance of external auditors in fraud control and to estimate the level of fraud control in EWSA. Descriptive cross sectional study design was adopted in conducting this study. A total population of 1,840 respondents and 15 key informants from whom a sample of 184 elements provides qualitative and quantitative responses for the study. Data was analyzed both qualitatively and quantitatively. The findings of this study are presented in three broad areas; departmental fraud and risk preparedness; departmental fraud prevention structures and mechanisms and departmental fraud profile and awareness building activities. The study findings revealed that the external auditor assesses the role of the internal auditors, evaluates whether there is “substantial doubt” about a company’s ability to continue as a going (Viable) concern, assesses management’s style to determine if the style might lead to fraudulent financial reporting and that the external auditor ensures that management conveys the findings of the audit to the board of directors. The study recommends that auditors should work hand in hand with regulators and those that are in charge of corporate governance, to design a common framework that will govern the creation of audit reports that are concise, reliable and effective. Furthermore, there is also need of developing an oversight team in charge of potential systems abuse. It is believed that with improved information education and awareness fraud in EWSA and other parastatals in Rwanda will be reduced if not totally eradicated.